

Message Text

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ACTION XMB-04

INFO OCT-01 EA-06 NEA-09 ISO-00 AID-05 CIAE-00 COME-00

EB-07 FRB-01 INR-07 NSAE-00 RSC-01 TRSE-00 OPIC-03

SP-02 CIEP-01 OMB-01 /048 W

----- 026122

R 311231Z DEC 74

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 1835

INFO AMEMBASSY JAKARTA

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DEPT PASS EXIMBANK FOR CHAIRMAN CASEY FROM AMBASSADOR

E.O. 11652: N/A

TAGS: ETRD, EFIN, EINV, ZSLD

SUBJECT: INDONESIAN NICKEL PROJECT

REF: (A) STATE 283744 (B) KUWAIT 5406

1. ECONOFF AND I CALLED ON GOK DIRECTOR INVESTMENTS KHALED ABU SU'UD DECEMBER 31 AND DISCUSSED INDONESIAN NICKEL PROJECT. HE IS KEY OFFICIAL ON INVESTMENT MATTERS, AND I THINK IT WISE TO DISCUSS DETAILS WITH HIM BEFORE TAKING MATTER UP WITH MINISTER FINANCE AND OIL ATEEQI, WHICH I HOPE TO DO SHORTLY AFTER NEW YEAR'S DAY.

2. ABU SU'UD, LARGELY I THINK BECAUSE OF CLARIFICATIONS CONTAINED REF A, WAS MORE POSITIVE THAN IN PREVIOUS DISCUSSION ON SUBJECT (REF B). HE SEEMED PLEASED THAT FNCB WAS INVOLVED SINCE GOK MAINTAINS LARGE ACCOUNT WITH THAT BANK, AND ABU SU'UD BELIEVES HE CAN TURN TO FNCB AS TRUSTED ADVISOR FOR LATTER'S VIEWS ON INDONESIAN NICKEL PROJECT.

3. ABU SU'UD REITERATED GOK PREFERENCE FOR EQUITY POSITION BUT IN EFFECT HE WENT ALONG WITH GENERAL POINTS CONTAINED REF A,
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AND I THINK HE WILL WANT EVENTUALLY TO LOOK INTO WHOLE RANGE OF

LOAN/EQUITY POSSIBILITIES WITH RESPECT TO THIS PROJECT. HE LEFT US WITH IMPRESSION HE WOULD STUDY PROJECT OVER NEXT COUPLE OF WEEKS AND THEN IF IT LOOKS TO BE WORTHWHILE HE WILL GET IN TOUCH WITH FNCB FOR ADDITIONAL DISCUSSIONS. FYI FNCB CHAIRMAN WRISTON EXPECTED VISIT KUWAIT IN MID-JANUARY. END FYI. WE LEFT FNCB PLACING MEMORANDUM, COMPLETION GUARANTEE AGREEMENT AND COPIES OF CASEY-STOLTZFUS LETTER OF DECEMBER 3 AND REF A WITH ABU SU'UD.

4. COMMENT: WE SHALL KEEP IN TOUCH WITH ATEEQI AND ABU SU'UD ON THIS MATTER, ALTHOUGH EACH WILL BE OUT OF TOWN FOR A WHILE IN EARLY JANUARY. ABU SU'UD'S KNOWLEDGE AND AUTHORITY MAKE HIM APPROPRIATE PERSON TO DISCUSS SUCH PROPOSALS IN FIRST INSTANCE. THERE IS PROBLEM THAT SOME BOTTLENECKS WILL OCCUR SINCE NO LOWER LEVEL OFFICIAL CAN QUITE FILL SAME ROLE. HE DEFINITELY INTERESTED IN SPECIFIC PROPOSALS, HOWEVER, AND I THINK HE WILL DO HIS BEST TO MOVE PROJECT PROPOSALS ALONG TO APPROPRIATE GOK OR OTHER BODY FOR ACTION. I THINK I SHOULD STRESS, HOWEVER, THAT GOK INTERESTED IN LOANS ONLY TO THE EXTENT THAT THEY CAN BE COUPLED WITH OPPORTUNITY FOR EQUITY PARTICIPATION. AS NOTED, IN CASE OF INDONESIAN NICKEL PROJECT FNCB MAY BE SELECTED TO ACT ON BEHALF OF GOK. IN OTHER CASES, ACTUAL INSTITUTION SELECTED WILL DEPEND ON SPECIFIC PROJECT. WE SHALL BRIEF FNCB LIAISON OFFICER WEST ON WHAT HAS TAKEN PLACE AND SHALL REPORT SOONEST ANY NEW INFORMATION ON GOK REACTION TO PROJECT PROPOSAL. STOLTZFUS

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Message Attributes

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